

Executive Summary

PURCHASE	
# Units	276
Asking Price	\$18,100,000
Purchase Price	\$18,100,000
Price Per Unit	\$65,580
Earnest Money Deposit (EMD)	\$170,000 1
Down Payment	\$3,620,000 20
1st Mortgage	\$14,480,000
Interest Rate	5.00%
Amortization	30
Capital Expenditures (Debt)	\$2,600,000
Interest Rate	5.00%
Amortization	30
Closing Costs	\$654,190
Acquisition Fee	\$362,000
Construction Management Fee	\$181,000
Repairs and Reserves	\$613,167
Total Member Capital Needed to Close	\$5,430,357
Cap Rate at Re-Sale	6.35%
INCOME & EXPENSES (Year 1)	0.007/
Gross Scheduled Income	\$2,201,388
Average Monthly Rent	\$665
- Vacancy	(\$264,167)
- Concessions, Loss to Lease, Bad Debt	(\$154,097)
= Effective Rental Income	\$1,783,124
+ Other Income	\$288,000
Total Net Income	\$2,071,124
Expenses	\$1,143,524 55
Net Operating Income	\$927,601
Debt Service	\$854,000
Cash Flow After Debt Service	\$73,601
KEY INDICATORS	
Cap Rate At Purchase	5.1%
Cash on Cash Return (Average)	8.4%
Debt Coverage Ratio (Year 1)	1.29
Gross Rent Multiplier	8.22
INVESTOR RETURNS	No. 151
Member Equity	80%
Manager Equity	20%
Preferred Return to Members	0.0%
Asset Mgt Fee to Manager	2.00%
Capital Transaction Fee to Mgr	0.0%
Cash Flow to Members (Year 1)	\$164,740
Member Cash on Cash Return (Year 1)	3.03%
Average Annual Return	19.26%
Total Return on Investment	96.30%
IRR	16.16%



Profit and Loss

FINANCIAL ASSUMPTIONS		7	ear 1		Year 2		Year 3		Year 4		Year 5	
Annual Rent Escalator		3	3.00%		3.00%	3.00%			3.00%		3.00%	
Annual Expense Escalator		3	3.00%		3.00%		3.00%		3.00%		3.00%	
		W.		-44		===					SALE!	
Rent Bump \$ Per Unit			68.53		68.53							-1/1
INCOME			1		2		3		4		5	
Average Monthly Rent			\$733		\$824		\$848		\$874		\$900	
Gross Potential Income			,428,374		\$2,728,211		\$2,810,058		\$2,894,359		\$2,981,190	
- Vacancy		1000	291,405)	12.00%	(\$272,821)	10.00%	(\$140,503)	5.00%	(\$144,718)	5.00%	(\$149,060)	5.00%
- Concessions, Loss to Lease, Bad Debt		10000	(69,986)	7.00%	(\$136,411)	5.00%	(\$140,503)	5.00%	(\$144,718)	5.00%	(\$149,060)	5.00%
Effective Gross Income			,966,983		\$2,318,980		\$2,529,052		\$2,604,923		\$2,683,071	
Other Income			88,000		\$370,240		\$381,347		\$392,788		\$404,571	
Total Net Income		\$2,	,254,983		\$2,689,220		\$2,910,399		\$2,997,711		\$3,087,642	
EXPENSES												
Real Estate Taxes		S1	171,666	7.61%	\$206,000	7.66%	\$212,180	7.29%	\$218,545	7.29%	\$225,102	7.29%
Insurance			81,000	3.59%	\$83,430	3.10%	\$85,933	2.95%	\$88,511	2.95%	\$91,166	2.95%
Contract Services			50,000	2.22%	\$51,500	1.92%	\$53,045	1.82%	\$54,636	1.82%	\$56,275	1.82%
Trash Removal		Ψ	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
Security		\$	18,000	0.80%	\$10,000	0.37%	\$10,300	0.35%	\$10,609	0.35%	\$10,927	0.35%
Valet Trash			22,000	0.98%	\$39,744	1.48%	\$40,936	1.41%	\$42,164	1.41%	\$43,429	1.41%
Ütilities			162,535	7.21%	\$167,411	6.23%	\$172,433	5.92%	\$177,606	5.92%	\$182,934	5.92%
Advertising			20,000	0.89%	\$20,600	0.23%	\$21,218	0.73%	\$21,855	0.73%	\$22,510	0.73%
Management Fee			78,924	3.50%	\$94,123	3.50%	\$101,864	3.50%	\$104,920	3.50%	\$108,067	3.50%
Repairs and Maintenance			130,000	5.77%	\$133,900	5.77%	\$137,917	4.74%			\$146,316	4.74%
General/Admin				2.14%		1.85%	31. TV33		\$142,055	4.74% 1.76%	St	1.76%
			48,250		\$49,698		\$51,188	1.76%	\$52,724		\$54,306	
Payroll		\$2	298,583 \$0	13.24% 0.00%	\$307,541 \$0	11.44% 0.00%	\$316,767	10.88%	\$326,270	10.88%	\$336,058 \$74,263	10.88%
Turnover		•	69,000			2.57%	\$70,000	2.41%	\$72,100	2.41%	\$69,000	2.41%
Deposit to Replacement Reserve			149,959	3.06% 51.00%	\$69,000 \$1,232,946	45.85%	\$69,000 \$1,342,782	2.37% 46.14%	\$69,000 \$1,380,995	2.30%	\$1,420,355	2.23% 46.00%
Total Expenses		31,	,149,939	31.0076	\$1,232,940	43.0370	\$1,342,762	40.1476	\$1,300,993	40.0776	\$1,420,333	40.0076
Net Operating Income (NOI)		\$1 ,	,105,024		\$1,456,274		\$1,567,617		\$1,616,716		\$1,667,287	
Debt Service												
Principal			\$0		\$0		\$0		\$0		\$0	
Interest		\$8	354,000		\$854,000		\$854,000		\$854,000		\$854,000	
Total Debt Service		\$8	354,000		\$854,000		\$854,000		\$854,000		\$854,000	
Cash Flow available for Distribution		\$2	251,024		\$602,274		\$713,617		\$762,716		\$813,287	
CMSH T IOW WYMINISTE TOT DISTRIBUTION		9-	21,021		5002,274		0,10,01,		0/02,/10		0010,207	
Distributions from Cash Flow												
Asset Mgt Fee to Manager	2.0%	\$-	45,100		\$53,784		\$58,208		\$59,954		\$61,753	
Excess Cash Flow to Members	80%	\$1	164,740		\$438,791		\$524,327		\$562,209		\$601,227	
Excess Cash Flow to Mgr	20%	\$	41,185		\$109,698		\$131,082		\$140,552		\$150,307	
Total Distributions to Members		\$1	164,740		\$438,791		\$524,327		\$562,209		\$601,227	
Capital Account Balance (Begin of Year)		\$5,	,430,357		\$5,430,357		\$5,430,357		\$5,430,357		\$5,430,357	
Member Cash on Cash Return		*	3.03%		8.08%		9.66%		10.35%		11.07%	
Average Cash on Cash Return			3.03%		5.56%		6.92%		7.78%		8.44%	
Property Value			20,654,660		\$ 27,220,067		\$ 29,301,254				\$ 31,164,244	
			17,401,958		\$ 22,933,442		\$ 24,686,883				\$ 26,256,489	
			15,034,345	5 5	19,813,246	5	\$ 21,328,124	5	21,996,131	5	\$ 22,684,178	
Debt Coverage Ratio			1.3		1.7		1.8		1.9		2.0	



Acquisition Costs

Use of Capital

Purchase Price	\$18,100,000	
Less Loan Amount	\$17,080,000	
Down Payment	\$1,020,000	
Closing Costs (see below)	\$654,190	
Acquisition Fee	\$362,000	
Repair Escrows	\$613,167	
35. 626.2	Mark 1998 as	
Cash Requirements at Closing / Members Capital	\$2,649,357	
Closing Costs and Reimbursable Expe	enses	
Legal Fees (LLC, PPM)*	\$22,000	
Property Inspection* (PM does)	\$0	
Lead Paint Inspection*	\$0	
Lender Fees and 3rd Party Reports	91015	
Application Fee	\$10,000	
3rd Parties	\$15,000	
Legal	\$25,000	
Libor Cap (one time fee)	\$50,000	
Bank Doc Prep Fee	0.44	
Origination Fee (Josh + Lender)	\$213,500	1.25%
Total Lender Fees and Reports	\$313,500	
Closing Costs		
Title Policy	\$108,600	0.6%
Survey	\$5,000	
Recording	\$207	
Transfer Taxes	\$27,150	0.15%
Title Processing Fee	\$500	
Title Search	\$400	
Attorney Fees		
Total Closing Costs	\$141,857	
Reserves for Closing		
Lender-Required Reserves	\$0	
Real Estate Taxes (6 Months)	\$85,833	
Insurance (12 Months)	\$81,000	
Total Reserves	\$166,833	
Other Costs		
Travel	\$10,000	
Total Other Costs	\$10,000	
Total Closing and Other Costs	\$654,190	
* Typically Payable Before Closing		



Exit Strategy

Exit Strategy	Year
Cash Out Re-Finance End of Year	→ NA
Sale / Disposition at End of Year	5

Refinance End of Year → NA

Net Operating Income		\$0
Cap Rate at Re-Finance		6.00%
Appraised Value		\$0
Re-Finance LTV		75%
Interest Rate		5.00%
Term / Amortization (Years)		30
Re-Finance Loan Amount		\$0
- Re-Finance Costs (including 75 bps exit)	3.25%	\$0
- Prepayment Penalty		\$0
- Repay Outstanding Loan Balance		\$0
= Gross Proceeds from Re-Finance		\$0
Return of Member Capital		\$0
% of Initial Investment Returned		0%
Capital Account Balance After Re-Fi		\$5,430,357
Net Proceeds/Profit from Re-Finance		\$0
Principal Reduction		\$0
Appreciation		\$0
Capital Transaction Fee to Mgr	0%	\$0
Net Proceeds/Profit Paid to Members	80%	\$0
Net Proceeds/Profit Paid to Manager	20%	\$0
(Initial Capital + Appreciation)		\$0
Ending Capital Account Balance		\$5,430,357

Disposition End of Year

5

Net Operating Income		\$1,736,287
Cap Rate		6.35%
Sales Price		\$27,343,103
Sales Cost (Including 75 bps exit if no refi)	4.75%	(\$1,298,797)
Outstanding Loan Balance		(\$17,080,000)
Total Equity		\$8,964,306
Return of Member Capital		\$5,430,357
Additional Bridge Cost (Extensions)		\$128,100
Return of Escrow Reserves		\$266,833
Net Proceeds/Profit from Sale		\$3,672,682
Principal Reduction		\$0
Appreciation		\$3,672,682
Capital Transaction Fee to Mgr	0%	
Net Proceeds/Profit Paid to Members	80%	\$2,938,146
Net Proceeds/Profit Paid to Manager	20%	\$734,536
(Initial Capital + Appreciation)		\$8,368,503

After Final Disposition

Total Profits from Appreciation Paid to Members	\$2,938,146
Total Cash to Members	\$8,368,503
Internal Rate of Return (IRR)	16.16%
Average Cash on Cash Return	8.44%



Projected Returns - 5 Years

Summary of Projected Member Cash Flows and Returns

					SALE!	8	
	1	2	3	4	5	Return \$	Return %
Beginning Member Capital Account Balance	\$5,430,357	\$5,430,357	\$5,430,357	\$5,430,357	\$5,430,357		
Member Cashflow	\$164,740	\$438,791	\$524,327	\$562,209	\$601,227	\$2,291,295	
Cash on Cash Return	3.03%	8.08%	9.66%	10.35%	11.07%		
Average Cash on Cash Return to Date	3.03%	5.56%	6.92%	7.78%	8.44%		
Net Proceeds/Profits from Refinance or Sale	1-0.3.15.00			1000000000	\$2,938,146	\$2,938,146	
Average Annual Return to Date	3.03%	5.56%	6.92%	7.78%	19.26%		
Return of Member Capital					\$5,430,357		
Ending Member Capital Account Balance	\$5,430,357	\$5,430,357	\$5,430,357	\$5,430,357	\$0		
Total Return on Investment	\$164,740	\$438,791	\$524,327	\$562,209	\$3,539,373	\$5,229,440	96.30%
Average Annual Return							19.26%
IRR							16.16%
Average Cash on Cash Return							8.44%

Summary of Projected Manager Cash Flows and Returns

					SALE!	V.
	1	2	3	4	5	TOTAL
Manager Compensation	\$448,285	\$163,482	\$189,290	\$200,506	\$946,596	\$1,948,159
Distributions from Cash Flow	\$41,185	\$109,698	\$131,082	\$140,552	\$150,307	\$572,824
Acquisition Fee	\$543,000					\$543,000
Asset Management Fee	\$45,100	\$53,784	\$58,208	\$59,954	\$61,753	\$278,799
Capital Transaction Fee	\$0	\$0	\$0	\$0	\$0	\$0
Net Proceeds/Profits from Refinance or Sale	\$0	\$0	\$0	\$0	\$734,536	\$734,536
Total Manager Compensation	\$448,285	\$163,482	\$189,290	\$200,506	\$946,596	\$2,682,696

Summary of Combined Cash Flows and Returns

				11	SALE!		
	1	2	3	4	5	Return \$	Return %
Beginning Member Capital Account Balance	\$5,430,357	\$5,430,357	\$5,430,357	\$5,430,357	\$5,430,357		
Total Cashflow	\$251,024	\$602,274	\$713,617	\$762,716	\$813,287	\$3,142,918	
Cash on Cash Return	4.62%	11.09%	13.14%	14.05%	14.98%		
Average Cash on Cash Return to Date	4.62%	7.86%	9.62%	10.73%	11.58%	, ,	
Net Proceeds/Profits from Refinance or Sale					\$3,672,682	\$3,672,682	
Average Annual Return to Date	4.62%	7.86%	9.62%	10.73%	25.10%		
Return of Member Capital					\$5,430,357		
Ending Member Capital Account Balance	\$5,430,357	\$5,430,357	\$5,430,357	\$5,430,357	\$0		
Total Return on Investment	\$251,024	\$602,274	\$713,617	\$762,716	\$4,485,969	\$6,815,600	125.51%
Average Annual Return							25.10%
IRR							20.44%
Average Cash on Cash Return							11.58%

Member Returns Based On Specific \$ Invested \$100,000

	1	2	3	4	5	Return \$	Return %
Beginning Member Capital Account Balance	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000		
% of Overall Membership Ownership for \$ Invested	1.8%	1.8%	1.8%	1.8%	1.8%		
Member Cashflow	\$3,034	\$8,080	\$9,655	\$10,353	\$11,072	\$42,194	
Cash on Cash Return	3.03%	8.08%	9.66%	10.35%	11.07%		
Average Cash on Cash Return to Date	3.03%	5.56%	6.92%	7.78%	8.44%		
Net Proceeds/Profits from Refinance or Sale					\$54,106	\$54,106	
Average Annual Return to Date	3.03%	5.56%	6.92%	7.78%	19.26%		
Return of Member Capital					\$100,000		
Ending Member Capital Account Balance	\$100,000	\$100,000	\$100,000	\$100,000	\$0		
Total Return in Investment	\$3,034	\$8,080	\$9,655	\$10,353	\$65,178	\$96,300	96.30%
Average Annual Return							19.26%
IRR							16.16%
Average Cash on Cash Return							8.44%

SALE!